

# WORKSHOP

## CONFLICT OF INTEREST, BIAS & RELATED ISSUES

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# POLITICAL REFORM ACT

Financial  
Conflicts of Interest



# CONFLICT OF INTEREST SUMMARY

- Prohibitions
- Disclosure
- Disqualification



# TWO PROHIBITIONS

- Gifts over \$360
- Honoraria



# GIFTS OVER \$360

- From a Single Source
- In a Calendar Year



# GIFTS INCLUDE

- Meals
- Tickets
- Passes
- Discounts
- Travel



# GIFTS DO NOT INCLUDE

- Informational Materials
- Gifts From Family
- Inheritance
- Personalized Plaques
- Birthday & Holiday Gifts if Equal Value is Exchanged



# Gifts Do Not Include

- Home Hospitality if Host is Present
- Travel & Lodging in California in Connection with Speech
- Admission to & Refreshments at an Event at Which Commissioner is Speaking



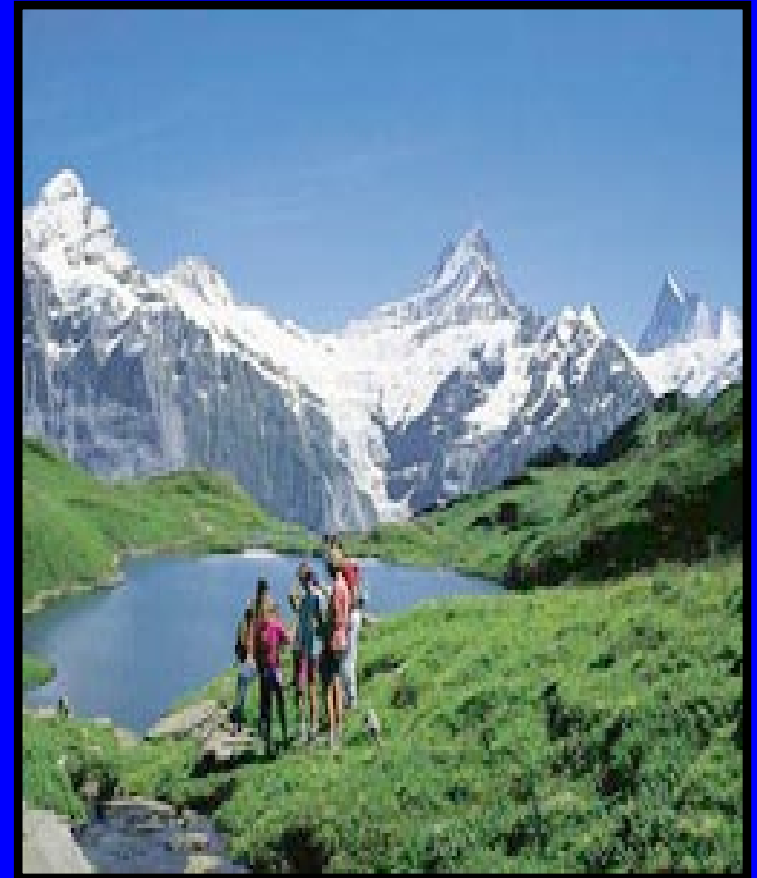


# Example of \$360 Gift Limit



# Exception to Gift Limit

- Wedding Gifts
- Travel for Government Purpose:
  - Speech Outside CA
  - OR -
  - Paid for by Govt., Educational Institute or Tax Exempt Non-Profit



# DISCLOSURE

- Gifts Totaling \$50 from Single Donor
- Identify Donor and any Intermediary
- Intermediaries Must Disclose Actual Source of Gifts



# DISQUALIFICATION

Commissioner Cannot Vote if  
Decision will Have Material  
Financial Effect on Source of Gifts  
Totaling \$360 in the 12 Months  
Before the Decision

# WHAT'S THE VALUE OF A GIFT?

- Fair Market Value
- Cost to Donor
- Reasonable Approximation Based on Value of Similar Things



# RULES ON VALUATION

- Tickets - Face Value Unless Unused
- Wedding Gifts -  $\frac{1}{2}$  Value
- Dinner Honoring Commissioner
- Non-profit Fundraiser
- Political Campaign Fundraisers
- Prizes & Awards

# GIFT NOT RECEIVED IF

- Donate to Charity  
Without Tax Benefit
- Donate to Governmental  
Entity Without Tax  
Benefit
- Reimburse Donor for  
Value



**WITHIN 30 DAYS**

# HONORARIA

- Payment for Speech, Article, Attendance
- Prohibited at Any Amount





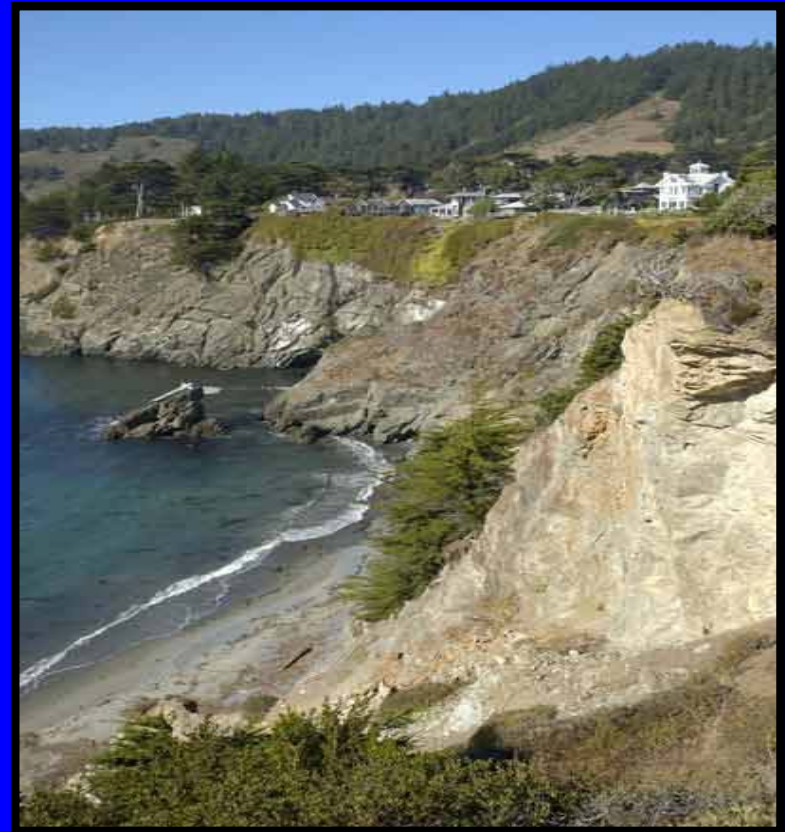
# HONORARIA DOES NOT INCLUDE

- Admission if Giving a Speech
- Food & Drink at a Conference, Convention, Social Event, etc.
- Transportation & Lodging for Speech
- Personalized Plaque or Trophy Under \$250
- Earned Income from Profession
- Payment from Family
- Campaign Contributions



# FINANCIAL INTEREST IN A COMMISSION DECISION

Financial Interest  
in a Commission  
Decision Triggers  
Disqualification



# Financial Interest in a Decision

- Reasonably Foreseeable That Decision Will Have
- Material Financial Effect on
- Financial Interest of Commissioner or Immediate Family



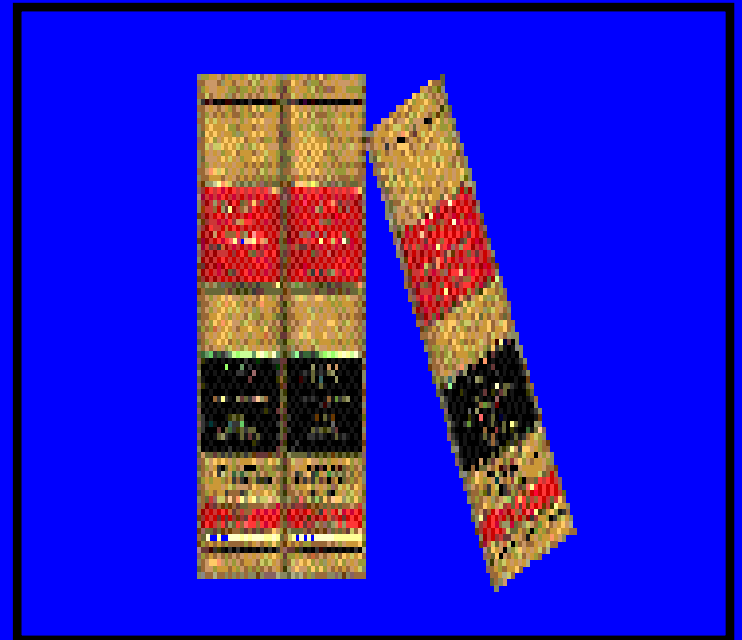
# FINANCIAL INTERESTS

- Investment of \$2000 in Business Entity
- Investment of \$2000 in Real Property
- Source of Income of \$500 or More
- Involvement in Business Entity: Director, Officer, Partner, Trustee, Employee, Manager
- Donor of Gifts of \$360 or More

# Material Financial Effect

Will the Commission's  
Decision Have a  
“Material” Financial  
Effect?

FPPC Regulations  
Define “Material”  
Financial Effect in Detail



# DISQUALIFICATION PROCESS

Unless Absent from  
Hearing:

- Disclose on the Record at the Meeting
- In Detail
- Recuse from Discussion and Vote
- Leave the Room



# NOT DISQUALIFIED

Not Disqualified  
if Effect on  
Commissioner's  
Interest is the  
Same as the  
Effect on the  
Public Generally





# CAMPAIGN CONTRIBUTIONS

- No More Than \$250
- While Matter is Pending Before the Coastal Commission
- And for Three Months After Decision





# CAMPAIGN CONTRIBUTIONS

Contributions from:

- A Party to the Proceeding
- A Participant with Financial Interest



# DISQUALIFICATION FROM VOTING

- Received \$250 or More in the 12 Months Before the Decision
- From a Party or Participant
- Unless Returned Within 30 Days



# DISCLOSURE

Disclose All Financial  
Interests:

- Annually By March 1
- Within 10 Days of Assuming Office
- Within 30 days of Leaving Office



# PENALTIES

- Misdemeanor and Fine up to \$10,000 per Violation
- Can't Hold Office or Lobby for 4 Years if Convicted
- \$5000 per Violation Administrative Fine
- Set Aside Permit Decision if Failed to Disqualify

# Questions on Financial Conflicts of Interest?

Call Ralph Faust, Amy Roach

Or

FPPC's Toll-Free Number:

1-866-ASK-FPPC

(1-866-275-3772)